

MINUTE ITEM

7. (QUITCLAIM OF OIL AND GAS LEASE P.R.C. 1550.1, MONTEREY OIL COMPANY AND HUMBLE OIL & REFINING COMPANY, HUNTINGTON BEACH FIELD, ORANGE COUNTY - W. O. 3002.)

After presentation of Calendar Item 17 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO ACCEPT THE QUITCLAIM AND TERMINATE OIL AND GAS LEASE P.R.C. 1550.1, EFFECTIVE AUGUST 1, 1958, IN ACCORDANCE WITH SECTION 5 OF THE LEASE, AS REQUESTED BY THE JOINT LESSEES, MONTEREY OIL COMPANY AND HUMBLE OIL & REFINING COMPANY.

Attachment

Calendar Item 17 (1 page)

CALENDAR ITEM

OIL & GAS

17.

(QUITCLAIM OF OIL AND GAS LEASE P.R.C. 1550.1, MONTEREY OIL COMPANY AND HUMBLE OIL & REFINING COMPANY, HUNTINGTON BEACH FIELD, ORANGE COUNTY - W. O. 3002.)

State Oil and Gas Lease P.R.C. 1550.1, covering an area of submerged land containing approximately 1,280 acres, was issued to Monterey Oil Company, Humble Oil & Refining Company and Seaboard Oil Company on August 16, 1955, pursuant to competitive public bidding.

On April 14, 1958, with the approval of the Commission, Seaboard Oil Company assigned their interest in the lease to Monterey Oil Company and Humble Oil & Refining Company. On October 10, 1955 the Commission approved a deferment of drilling requirements to October 16, 1956 in order to permit the lessee to obtain necessary permits and approvals from Government agencies with respect to an offshore structure to be used for the drillsite. On September 27, 1956 a further deferment was granted to April 16, 1957 in order for the lessees to obtain geological information using mobile marine equipment. Further deferments were granted by the Commission to October 16, 1957 and September 1, 1958, subject to the express condition that during the period of deferment the lessees would perform one of the following actions:

1. Initiate development of the lease;
2. Quitclaim the entire lease area;
3. Present new adequate bases for consideration as to any further deferment of drilling and operating requirements under the lease.

During the conduct of drilling operations with mobile marine equipment, four prospect holes were drilled on the leased area at a cost of approximately \$1,000,000. In the course of drilling operations, cores and sidewall samples were taken and electric logs were taken, and there was also a seismic survey made.

Section 5 of the lease provides in part: "This lease may be surrendered and terminated in whole or in part, or as to any zone or zones or portions thereof, upon the payment of all royalties and other obligations due and payable to the State, but in no event shall such termination be effective until the lessee has complied with all of the then existing laws and rules and regulations relative to the abandonment of oil and gas wells." All of these obligations have been fulfilled.

The joint lessees have submitted a quitclaim to surrender and terminate the lease effective August 1, 1958, pursuant to the provisions of Section 5 of the agreement.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO ACCEPT THE QUITCLAIM AND TERMINATE OIL AND GAS LEASE P.R.C. 1550.1, EFFECTIVE AUGUST 1, 1958, IN ACCORDANCE WITH SECTION 5 OF THE LEASE, AS REQUESTED BY THE JOINT LESSEES, MONTEREY OIL COMPANY AND HUMBLE OIL & REFINING COMPANY.